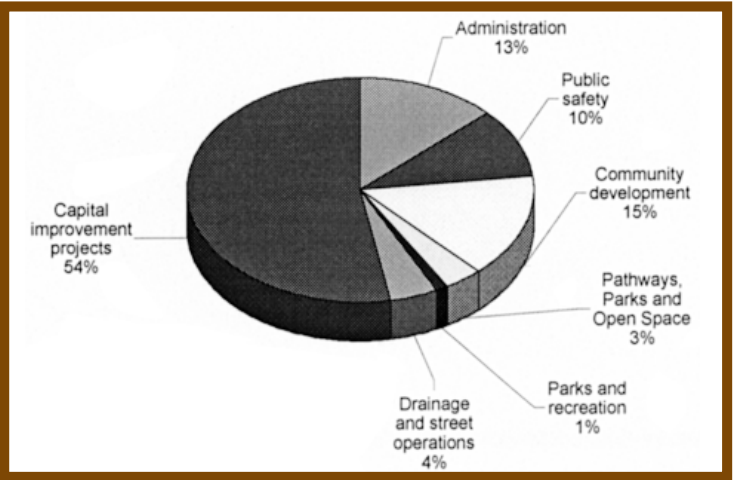


Town of Los Altos Hills

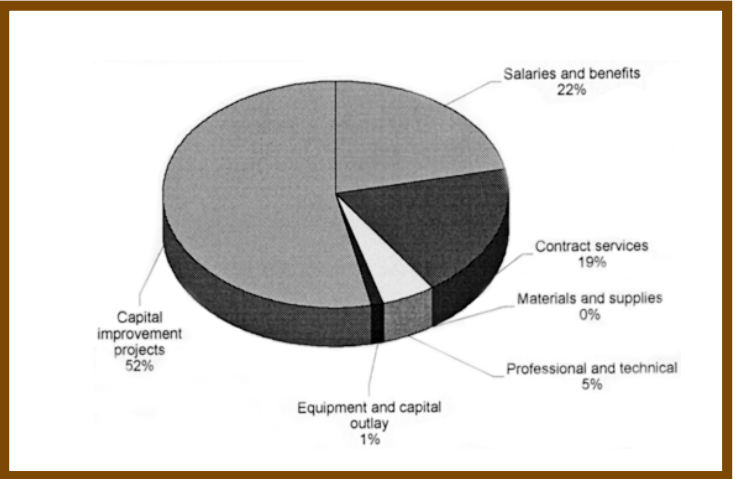
Budget for Fiscal Year 2004-2005

Governmental Fund Expenditures by Function*



	Budget FY 2005	Estimated actual FY 2004	Increase (Decrease)	% Increase (Decrease)
Administration	1,169,754	940,292	229,462	24.40%
Public Safety	917,120	829,541	87,579	10.56%
Community Development	1,351,439	1,271,904	81,535	6.41%
Pathways, Parks & Open Space	315,430	268,544	46,886	17.46%
Parks & Recreation	118,656	85,195	33,461	39.28%
Drainage & Street Operations	394,554	400,448	(5,894)	-1.47%
Capital Projects	4,761,849	2,589,348	2,172,501	83.90%
Total	9,030,802	6,385,272	2,645,530	41.43%

Governmental Fund Expenditures by Object*



	Budget FY 2005	Estimated actual FY 2004	Increase (Decrease)	% Increase (Decrease)
Salaries and benefits	1,946,176	1,936,017	10,159	0.52%
Contract services	1,680,120	1,391,406	288,714	20.75%
Materials and supplies	95,845	69,354	26,491	38.20%
Professional and technical	432,974	338,602	94,372	27.87%
Equipment and capital outlay	113,838	60,545	53,293	88.02%
Capital projects	4,761,849	2,589,348	2,172,501	83.90%
Total	9,030,802	6,385,272	2,645,530	41.43%

* Includes General Fund, Special Revenue Funds and Capital Improvement Funds

BUDGET MESSAGE

As in prior years, the Town's priorities for fiscal year 2004 - 2005 are to provide timely and quality services to residents and to preserve infrastructure assets. Our greatest challenge will be dealing with the impacts of the State's budget crisis. The budget is our plan for meeting Town priorities within our fiscal constraints.

This year we will begin construction on the new Town Hall facility - the largest single capital improvement project the Town has undertaken. In addition, providing for the maintenance and replacement of the Town's aging streets, pathways, utilities and buildings must be considered as a requirement for the continued successful delivery of municipal services into the future.

On April 16, 2004, the Local Taxpayers and Public Safety Protection Act campaign turned in 1.1 million signatures collected throughout the state and the measure qualified for the November, 2004 ballot as Proposition 65. Also on April 16, 2004, Governor Schwarzenegger contacted the League of California Cities to discuss his support for local government and his proposal for restoring the State's fiscal health. With his budget proposal, the Governor asked cities and counties to accept deep cuts in the form of property tax shifts for two years in exchange for his support of a constitutional amendment that would restore and protect local revenues in future years.

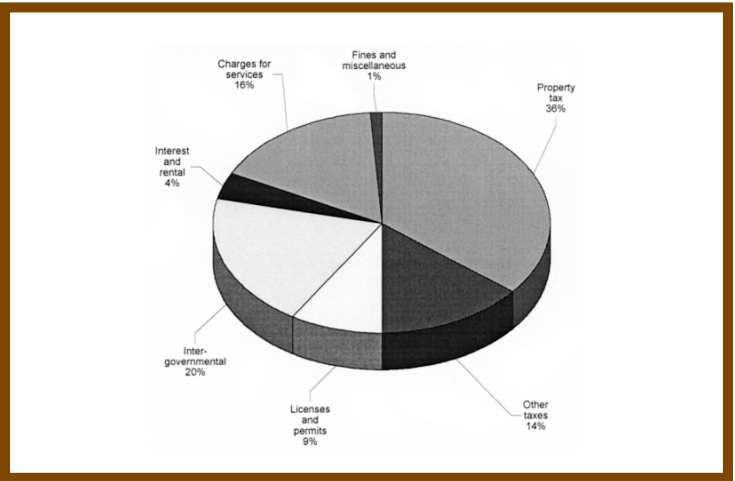
The Governor's negotiations with the State legislature resulted in a budget deal that contained a new proposal to protect local revenues. This proposal will appear on the November, 2004 ballot as Proposition 1A - Protection of Local Government Revenues. The proponents of Proposition 65 believe that Proposition 1A is a better, more flexible approach to protecting local services and local tax dollars.

The loss of revenue to the Town as a result of this budget deal will be approximately \$96,000 for both fiscal years 2004 - 2005 and 2005 - 2006.

All of the proponents of Proposition 65 are now supporting Proposition 1A. It is critical that we maintain control over local tax dollars so funding for local services will be more dependable and predictable. Proposition 1A will ensure that the decision as to how to use revenues, such as property tax and sales tax, will reside with the agency where the revenue was generated.

—Sarah Joiner, Administrative Director

General Fund Revenues
Budget for Fiscal Year 2004-2005



	Budget FY 2005	Estimated Actual FY 2004	Increase (Decrease)	% Increase (Decrease)
Property Tax	1,727,500	1,700,806	26,694	1.57%
Other Taxes	689,735	776,660	(86,925)	-11.19%
Licenses and Permits	433,800	433,800	0	0.00%
Intergovernmental	958,432	538,912	419,520	77.85%
Interest and Rental	183,586	212,739	(29,153)	-13.70%
Charges for Services	794,287	815,427	(21,140)	-2.59%
Fines/Miscellaneous	51,950	76,950	(25,000)	-32.49%
Total	4,839,290	4,555,294	283,996	6.23%